

Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 H-01 SAB-02 CIAE-00 DODE-00 PM-05
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
ICA-11 HA-05 EPA-01 OES-07 CEQ-01 TRSE-00 DLOS-09
/093 R

DRAFTED BY ARA/PAN:JWHITING:JG
APPROVED BY S/AB:DPOPPER
H:CCUTTER (SUBS)
ARA/AND:VGRAHAM (SUBS)
ARA/MEX:PSTORING (SUBS)
ARA/CEN:EHICKS (SUBS)
ARA/PAN:DWYROUGH

-----003838 201701Z /43

P 201618Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY MEXICO CITY PRIORITY
AMEMBASSY BOGOTA PRIORITY
AMEMBASSY MANAGUA PRIORITY
AMEMBASSY SAN JOSE PRIORITY
INFO AMEMBASSY PANAMA PRIORITY

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E.O. 11652: N/A

TAGS: US, PN, MX, CS, NU, CO. SENV, TOCY, EWWT

SUBJECT: CONGRESSIONAL TESTIMONY ON SEA LEVEL CANAL STUDY
UPDATE

1. AMBASSADOR DAVID POPPER, DEPARTMENT'S COORDINATOR FOR
IMPLEMENTATION OF PANAMA CANAL TREATIES, IS SCHEDULED TO
TESTIFY TUESDAY, JUNE 27 BEFORE PANAMA CANAL SUB-COMMITTEE
OF HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE CONCERN-
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ING POSSIBLE UPDATING OF 1970 STUDY OF FEASIBILITY OF
ATLANTIC-PACIFIC INTEROCEANIC SEA-LEVEL CANAL. REPR -
SENTATIVES OF DEPARTMENT OF DEFENSE, CANAL ZON: GOVERNMENT
AND SMITHSONIAN INSTITUTION HAVE BEEN INVITED TO TESTIFY
SAME DAY. THE SUBCOMMITTEE WILL CONSIDER SENATOR GRAVEL'S
SEA-LEVEL CANAL STUDY AMENDMENT TO H.R. 8309 (THE
NAVIGATION DEVELOPMENT ACT) AND CHAIRMAN MURPHY'S

PROPOSALS FOR UPDATING THE 1970 REPORT, H.R. 10087 AND ANOTHER BILL TO BE INTRODUCED SOON.

2. THE GRAVEL AMENDMENT, WHICH PASS-D THE SENAT: ON MAY 4, 1978, WOULD AUTHORIZE \$8 MILLION TO ESTABLISH THE INTERNATIONAL SEA-LEVEL CANAL STUDY COMMISSION TO CONDUCT STUDIES AND INVESTIGATIONS TO UPDATE THE 1970 REPORT OF ;HE ATLANTIC-PACIFIC INTEROCEANIC CANAL STUDY CO;MISSION. THE INTERNATIONAL COMMISSION PROPOSED BY SENATOR GRAVEL WOULD CONSIST OF THREE APPOINTEES OF THE UNITED STATES AND AN ADDITIONAL THREE APPOINTEES RECOMMENDED BY PANAMA. THE REPORT OF THE COMMISSION (WHICH REQUIRES A STUDY OF THE ENVIRONMENTAL EFFECTS, FINANCING, ECONOMIC FEASIBILITY AND EXCAVATION TECHNIQUES FOR A SEA-LEVEL CANAL) WOULD BE REQUIRED TO BE SUBMITTED WITHIN THREE YEARS OF THE DATE OF THE PROVISION'S ENACTMENT. THE REPORT WOULD HAVE TO BE REVIEWED BY THE COUNCIL ON ENVIRONMENTAL QUALITY BEFORE THE PRESIDENT TOOK ACTION UPON IT. THE GRAVEL AMENDMENT CONTAINS SPECIFIC PROVISIONS RELATING TO THE AUTHORITY AND STAFFING OF THE INTERNATIONAL COMMISSION. DURING THE FIRST YEAR OF THE COMMISSION'S EXISTENCE ITS U.S. MEMBERS WOULD BE MANDATED TO CONDUCT A REVIEW AND ASSESSMENT OF POTENTIAL SEA-LEVEL ROUTES BOTH INSIDE AND OUTSIDE PANAMA. (SEE MAY 4 CONGRESSIONAL RECORD FOR TEXT.)

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3. CHAIRMAN MURPHY'S H.R. 10087 WOULD AUTHORIZE NOT TO EXCEED \$10 MILLION TO AUTHORIZE THE PRESIDENT TO COMPLETE, WITHIN FIVE YEARS, THE STUDIES AND INVESTIGATIONS NECESSARY TO UPDATE THE REPORT OF THE ATLANTIC-PACIFIC INTEROCEANIC CANAL STUDY COMMISSION AND TO DETERMINE THE ENVIRONMENTAL EFFECTS OF A POSSIBLE SEA-LEVEL CANAL BETWEEN THE ATLANTIC AND PACIFIC OCEANS.

4. THE BILL WHICH CHAIRMAN MURPHY PLANS TO INTRODUCE WOULD AUTHORIZE NOT TO EXCEED \$1,000,000 FOR A THREE-MEMBER INTEROCEANIC CANAL STUDY COUNCIL TO STUDY ALTER-NATE SEA-LEVEL CANAL ROUTES ACROSS THE AMERICAS (INSIDE AND OUTSIDE PANAMA). THE COUNCIL WOULD REPORT ITS FINDINGS TO THE PRESIDENT WITHIN ONE YEAR AFTER THE DATE OF THE LEGISLATION'S ENACTMENT. AFTER THE COUNCIL WOULD SUBMIT ITS FINDINGS (IN ACCORDANCE WITH CERTAIN REQUIREMENTS SPECIFIED IN THE BILL), A JOINT U.S.-PANAMA SEA-LEVEL CANAL STUDY COMMISSION COULD BE CONVOKED BY THE PRESIDENT. THE JOINT COMMISSION, WHICH WOULD BE CHOSEN IN A MANNER IDENTICAL TO THE GRAVEL AMENDMENT'S INTERNATIONAL COMMISSION, WOULD CONDUCT ITS WORK IN PHASES, WITH EACH PHASE OF WORK TO BE ORDERED BY THE PRESIDENT

ONLY AFTER THE WORK OF THE PREVIOUS PHASE HAD CONCLUDED THAT A SEA-LEVEL CANAL IS FEASIBLE. TWO MILLION DOLLARS WOULD BE AUTHORIZED FOR THE FIRST PHASE OF WORK OF THE U.S.-PANAMA COMMISSION, WITH AMOUNTS FOR ANY SUBSEQUENT PHASE TO BE DETERMINED AT A LATER TIME.

5. ARTICLE XII OF THE PANAMA CANAL TREATY PROVIDES THAT THE TWO GOVERNMENTS COMMIT THEMSELVES DURING THE DURATION OF THE TREATY TO STUDY JOINTLY THE FEASIBILITY OF A SEA LEVEL CANAL IN THE REPUBLIC OF PANAMA, AND IF THEY DETERMINE SUCH A WATERWAY IS NECESSARY, TO NEGOTIATE THE

TERMS FOR ITS CONSTRUCTION. PANAMA AGREED WITH THE SENATE RESERVATION TO THE TREATY CONCERNING THE MUTUAL LIMITED OFFICIAL USE

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WAIVER OF PARA TWO OF ARTICLE XII OF THE TREATY WHICH PROVIDED, INTER ALIA, THAT THE USG WOULD NOT NEGOTIATE WITH THIRD STATES FOR THE RIGHT TO CONSTRUCT AN INTER-OCEANIC CANAL IN THE WESTERN HEMISPHERE WITHOUT GOP AGREEMENT.

6. THE 1970 STUDY CONCLUDED THAT A ROUTE NEAR THE EXISTING PANAMA CANAL WAS MOST ADVANTAGEOUS SEA-LEVEL CANAL ROUTE. HOWEVER, ROUTES IN NICARAGUA-COSTA RICA, COLOMBIA, PANAMA-COLOMBIA AND ELSEWHERE IN PANAMA WERE GIVEN DETAILED AND SERIOUS STUDY. A PROPOSED ROUTE ACROSS TEHUANTEPEC IN MEXICO WAS GIVEN EARLY CONSIDERATION AND DEPT NOTES THERE HAVE BEEN REPORTS OF POSSIBLE CONSTRUCTION OF A "LAND BRIDGE" FACILITY THERE.

7. ACTION REQUESTED: WITHOUT RAISING WITH HOST GOVERNMENTS DEPARTMENT WOULD APPRECIATE BY THURSDAY JUNE 22 ADDRESSEE VIEWS AS TO DEGREE OF INTEREST AND ATTITUDE OF HOST GOVERNMENTS IN PROPOSED UPDATING OF 1970 INTER-OCEANIC CANAL STUDY, PARTICULARLY THAT WHICH RELATES TO STUDIES OUTSIDE OF PANAMA. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CANALS, US CONGRESSIONAL PRESENTATIONS, STUDIES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE156227
Document Source: CORE
Document Unique ID: 00
Drafter: JWHITING:JG
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780257-0210
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780639/aaaabhtv.tel
Line Count: 157
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 80954685-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2277699
Secure: OPEN
Status: NATIVE
Subject: CONGRESSIONAL TESTIMONY ON SEA LEVEL CANAL STUDY UPDATE
TAGS: SENV, TOCY, EWWT, US, PN, MX, CS, NU, CO
To: MEXICO BOGOTA MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/80954685-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014